



**6712-01**

**FEDERAL COMMUNICATIONS COMMISSION**

**47 CFR Part 54**

**[WC Docket No. 10-90; DA 12-1199]**

**Wireline Competition Bureau Seeks Comment on Proposed Urban Rates Survey and Issues  
Relating to Reasonable Comparability Benchmarks and the Local Rate Floor**

**AGENCY:** Federal Communications Commission.

**ACTION:** Proposed rule.

**SUMMARY:** In this document, the Wireline Competition Bureau seeks comment on a proposed survey of urban rates for fixed voice and fixed broadband residential services. The Bureau also seeks comment concerning how, using data from the urban rates survey, to determine the local voice rate floor and the reasonable comparability benchmarks for fixed voice and fixed broadband services.

**DATES:** Comments are due on or before **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

**ADDRESSES:** Interested parties may file comments. All pleadings are to reference WC Docket 10-90. Comments may be filed using the Commission's Electronic Filing System (ECFS) or by filing paper copies, by any of the following methods:

- **Electronic Filers:** Comments may be filed electronically using the Internet by accessing the ECFS: <http://fjallfoss.fcc.gov/ecfs2/>.
- **Paper Filers:** Parties who choose to file by paper must file an original and one copy of each filing. If more than one docket or rulemaking number appears in the caption of this proceeding, filers must submit two additional copies for each additional docket or rulemaking number.
- **People with Disabilities:** To request materials in accessible formats for people with disabilities (Braille, large print, electronic files, audio format), send an e-mail to [fcc504@fcc.gov](mailto:fcc504@fcc.gov) or call the Consumer & Governmental Affairs Bureau at (202) 418-0530 (voice), (202) 418-0432 (tty).

- In addition, one copy of each pleading must be sent to each of the following:

(1) Jay Schwarz, Industry Analysis and Technology Division, Wireline Competition

Bureau, 445 12th Street, S.W., 6-A134, Washington, D.C. 20554; e-mail: [Jay.Schwarz@fcc.gov](mailto:Jay.Schwarz@fcc.gov).

(2) Alexander Minard, Telecommunications Access Policy Division, Wireline Competition

Bureau, 445 12th Street, S.W., 5-A334, Washington, D.C. 20554; e-mail:

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**FOR FURTHER INFORMATION CONTACT:** Jay Schwarz, Wireline Competition Bureau, (202) 418-0948; Alexander Minard, Wireline Competition Bureau, (202) 418-7400, or TTY: (202) 418-0484.

**SUPPLEMENTARY INFORMATION:** This is a summary of the Public Notice, WC Docket No. 10-90; DA 12-1199, released on July 26, 2012. The full text of this document is available for public inspection during regular business hours in the FCC Reference Center, Room CY-A257, 445 12th Street, S.W., Washington, DC 20554. The document may also be purchased from the Commission's duplicating contractor, Best Copy and Printing, Inc. 445 12th Street, S.W., Room CY-B402, Washington, DC 20554, telephone number (800) 378-3160 or (202) 863-2898, or via the Internet at <http://www.bcpweb.com>.

## **I. SYNOPSIS OF PUBLIC NOTICE**

1. In this public notice, the Wireline Competition Bureau seeks comment on a proposed survey of urban rates for fixed voice and fixed broadband residential services. The Bureau also seeks comment concerning how, using data from the urban rates survey, to determine the local voice rate floor and the reasonable comparability benchmarks for fixed voice and fixed broadband services.

2. Background. On November 18, 2011 the Commission released the USF/ICC Transformation Order and FNPRM, 76 FR 73830 (November 29, 2011), 76 FR 78384 (December 16, 2011), which comprehensively reforms and modernizes the universal service and intercarrier compensation systems. In the Order, among other things, the Commission directed the Wireline Competition Bureau and Wireless Telecommunications Bureau to conduct a survey of residential urban

rates for fixed voice, fixed broadband, mobile voice, and mobile broadband services. In the Further Notice, the Commission sought comment on various issues associated with determining reasonable comparability for voice and broadband rates.

3. The rate survey, conducted once each year, will be used to establish a rate floor that carriers receiving high-cost loop support (HCLS) or high-cost model support must meet in order to receive their full support amounts, beginning in 2014. In addition, the rate survey will be used to develop reasonable comparability benchmarks for voice and broadband rates that carriers will annually certify their rates do not exceed, with the first certification due July 1, 2013.

4. Content of Rate Survey. Section A to this Public Notice contains the survey instrument that the Bureau proposes to gather data regarding fixed voice and fixed broadband rates. We seek comment on the details of the proposed rate survey as described below.

5. In the fixed voice section of the survey, the Bureau proposes that providers will separately report non-discounted rates and other charges (i.e. taxes, fees, etc.) for their unlimited or flat-rate local service, unlimited all-distance service, and measured or messaged local service. If the provider does not offer such service, it will indicate as such and not report data for that item. Providers will report rates for both public switched telephone network (PSTN) and Voice over Internet Protocol (VoIP) service, to the extent each is offered. Various non-recurring charges will also be surveyed. We seek comment on the proposed data to be collected in the fixed voice section of the survey.

6. In the fixed broadband section of the survey, the Bureau proposes that providers will separately report non-discounted rates and other charges for four specific advertised speed tiers of broadband service. Are the four proposed speed tiers a reasonable set on which to collect rates? For each offering, the provider will also report on any capacity limits and what action is taken if the capacity limit is reached. Such actions may include overage charges, blocking traffic, and rate limiting. Are there any other service provider practices regarding capacity limits that should be included? Do the survey's questions about capacity limits adequately capture market offerings given the current market for

residential, fixed broadband? Is the proposed format appropriate for collecting information on usage-based broadband pricing for fixed services, and, if not, how should the format be modified?

7. The Bureau intends to implement this survey through an online reporting form accessible to those urban providers of fixed voice and broadband services who are selected to participate. Urban providers will be chosen to create a statistically valid sample for the purpose of setting a reasonable comparability benchmark for fixed voice and fixed broadband services and a rate floor for fixed voice service. Independent samples will be chosen for the fixed voice and fixed broadband sections of the survey. The proposed survey will use as a population from which to sample all terrestrial providers of residential voice or broadband services in urban areas. The Bureau proposes defining “urban” for the purposes of this survey as all 2010 Census urban areas and urban clusters that sit within a Metropolitan Statistical Area (MSA). We seek comment on this approach.

8. For each section (fixed voice and fixed broadband), urban providers will be chosen in order to generate a statistically valid sample for the purpose of calculating benchmarks and rate floors. Responding providers will be asked for rates in a specified geographic area. We propose specifying, for each surveyed provider, a 2010 Census tract (that is “urban,” as explained above) for which rates should be reported. For sampling purposes, the Bureau will use in-house data to determine which providers are serving a Census tract. To aid providers in locating the specified Census tract when completing the survey, the survey will include hyperlinks where the respondent can look up the Census tract on a map. Will this approach allow respondents to easily and accurately report rates?

9. In the interest of simplicity, the proposed survey will not collect rates for bundles of applications (i.e., voice and broadband bundle; voice, broadband, and TV bundle, etc.). The survey will also only collect non-discounted rates that are available to potential customers rather than actual rates paid by existing customers. For the survey’s intended purposes, obtaining information about bundles, discounts and promotional pricing of limited duration would unnecessarily increase the

complexity and burden of the data collection on service providers that are selected to respond to the survey. We seek comment on this approach.

10. To the extent commenters contend that we should modify the content of the proposed survey, they should specify with particularity how the proposed survey should be altered and explain why their preferred approach better serves to accomplish the Commission's objectives. Should any of the survey's questions or terminology be altered for clarity or accuracy? Should we modify proposed sampling and collection process in any way? Are there any other changes that should be made?

11. Use of Data for Urban Rate Floor. The Bureau also seeks comment on how the information collected in the proposed urban rates survey should be used to establish the local rate floor. Historically, the Bureau surveyed local rates (both flat-rate and measured local service) and developed a single urban local rate average. For purposes of the rate floor, we propose to use the urban flat local rate data to derive a population-weighted national urban average that will be used as the local rate floor in 2014 and updated annually thereafter. We seek comment on this proposal.

12. Use of Data for Reasonable Comparability of Voice Service. In the USF/ICC Transformation Order, the Commission required that carriers certify that their voice rates are within two standard deviations of "the national average" for voice service. We request comment on how rate survey data should be used to determine this national average.

13. For fixed voice service, the Bureau seeks comment on deriving the national average for rate comparability purposes solely from data collected regarding local, flat rate voice service in urban areas. Alternatively, should we instead develop the national average based solely on urban data for unlimited, all-Distance service, as determined from the survey? A reason to adopt a national average based on the urban unlimited, all-distance rates rather than the local, flat rate is that the unlimited, all-distance service best reflects the varied ways - in terms of call frequency, duration, and distance - that households typically communicate using voice services. We seek comment on these two alternatives

and the implications of each in terms of the ability of carriers to meet the certification requirement.

Under either approach, we propose to develop a population-weighted average. We seek comment on this approach. How, if at all, should we take into account non-recurring charges when computing the fixed voice benchmark?

14. The Bureau proposes to establish a single benchmark for fixed voice service by which supported carriers would certify their rates, for purposes of reasonable comparability, regardless of the voice service offered (i.e. flat, local; unlimited, all-distance; measured local). One reason for doing so is that the urban availability of some services may diminish over time and reduce the available sample population for a given service. This in turn could increase the year-to-year variability in the benchmarks, while also creating, as a statistical artifact, wide deviations in the benchmarks for different types of voice services.

15. Another alternative would be to develop a separate national average for each voice service surveyed (i.e. flat, local; unlimited, all distance; measured, local). To the extent commenters believe the Bureau should establish multiple, service-specific reasonable comparability benchmarks for voice rather than simply developing a single average for urban voice service, they should explain why such an approach is preferable and consistent with the framework established by the Commission in the USF/ICC Transformation Order. The Bureau also proposes not combining multiple service rates collected in the survey into a single benchmark because this would require weighting each service's rate by its number of subscribers. Collecting such subscriber information would unnecessarily impose more burden on the carriers surveyed. To the extent commenters contend that the Bureau should combine multiple services' rates into a single benchmark, how should the rates be combined and what measures could be taken to minimize burden on those providers that are surveyed?

16. The Further Notice sought comment on whether to adopt a presumption that if a given provider is offering the same rates, terms and conditions (including capacity limits) to both urban and rural customers, that is sufficient to meet the statutory requirement that services be reasonably

comparable. Under such a presumption, providers that serve both rural and urban markets would not be required to certify their voice rates against a national urban benchmark derived from the proposed rate survey. We seek further focused comment on this potential approach. In particular, commenters are encouraged to identify the universe of providers that would be able to utilize the presumption, under the proposed survey approach that would define urban areas as MSAs.

17. Calculation of Voice Rates for Certifying Carriers Offering Measured Service.

We also seek comment on how a fixed voice provider offering only measured service will determine its rate that should be compared to the national urban average for voice service, for purposes of rate comparability. The Bureau proposes allowing such carriers to calculate a “blended” rate which will be compared to the national urban rate voice average, consistent with the approach adopted by the Commission for purposes of the local rate floor. In particular, we propose that a supported carrier with measured service should use its average minutes of use data during each rate period (e.g. peak, off-peak) to calculate its rate for reasonable comparability purposes. We seek comment on this approach.

18. Use of Data for Reasonable Comparability of Fixed Broadband Service. To the extent there were a presumption that offering the same service in both rural and urban areas meets the reasonable comparability requirements of the statute, there would be no need for some providers to compare their broadband rates to a national average urban rate benchmark derived from the results of the proposed rate survey. For fixed broadband, the Bureau proposes using the surveyed rate data for each speed tier to set reasonable comparability benchmarks for those providers that are required to certify against a national urban benchmark. Each speed tier would have its own benchmark, and providers would certify their rates against the speed tier corresponding to the slowest broadband service they offer. We are proposing to establish different benchmarks for different speed tiers so that supported providers offering substantially faster broadband service than the minimum required under the Commission’s public interest obligations can certify their rates against a more comparable urban service, rather than an urban benchmark for a much slower service or an average of rates for both slower and faster services.

We seek comment on this approach. Would such an approach be a workable way to determine reasonable comparability for providers that do not offer broadband services in urban areas?

19. Alternatively, should the several speed tiers be combined to form a single benchmark? How, if at all, should we take into account non-recurring charges when computing the fixed broadband benchmark? How, if at all, should the capacity limit data be used for determining reasonable comparability? Given the emergence of usage-based broadband pricing, how should such rates be incorporated into the benchmark? Should the Bureau collect usage data on such plans so a “blended” rate can be calculated? How might a supported broadband provider with a usage-based service certify its rates?

## **II. PROCEDURAL MATTERS**

20. Filing Requirements. Pursuant to §§1.415 and 1.419 of the Commission’s rules, interested parties may file comments on or before the dates indicated on the first page of this document. Comments may be filed using the Commission’s Electronic Comment Filing System (ECFS).

21. Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail. All filings must be addressed to the Commission’s Secretary, Office of the Secretary, Federal Communications Commission.

- All hand-delivered or messenger-delivered paper filings for the Commission’s Secretary must be delivered to FCC Headquarters at 445 12<sup>th</sup> St., SW, Room TW-A325, Washington, DC 20554. The filing hours are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes and boxes must be disposed of before entering the building.
- Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743.



- U.S. Postal Service first-class, Express, and Priority mail must be addressed to 445 12<sup>th</sup> Street, SW, Washington DC 20554.

22. The proceeding this Notice initiates shall be treated as a “permit-but-disclose” proceeding in accordance with the Commission’s ex parte rules. Persons making ex parte presentations must file a copy of any written presentation or a memorandum summarizing any oral presentation within two business days after the presentation (unless a different deadline applicable to the Sunshine period applies). Persons making oral ex parte presentations are reminded that memoranda summarizing the presentation must (1) list all persons attending or otherwise participating in the meeting at which the ex parte presentation was made, and (2) summarize all data presented and arguments made during the presentation. If the presentation consisted in whole or in part of the presentation of data or arguments already reflected in the presenter’s written comments, memoranda or other filings in the proceeding, the presenter may provide citations to such data or arguments in his or her prior comments, memoranda, or other filings (specifying the relevant page and/or paragraph numbers where such data or arguments can be found) in lieu of summarizing them in the memorandum. Documents shown or given to Commission staff during ex parte meetings are deemed to be written ex parte presentations and must be filed consistent with rule §1.1206(b). In proceedings governed by rule §1.49(f) or for which the Commission has made available a method of electronic filing, written ex parte presentations and memoranda summarizing oral ex parte presentations, and all attachments thereto, must be filed through the electronic comment filing system available for that proceeding, and must be filed in their native format (e.g., .doc, .xml, .ppt, searchable .pdf). Participants in this proceeding should familiarize themselves with the Commission’s ex parte rules.

23. Paperwork Reduction Act. This document contains proposed new information collection requirements. The new requirements will be submitted to the Office of Management and Budget (OMB) for review under section 3507(d) of the Paperwork Reduction Act (PRA). The Bureau, as part of its continuing effort to reduce paperwork burdens, invites the general public and OMB to comment on the information collection requirements contained in this document, as required by the

Paperwork Reduction Act of 1995, Public Law 104-13. In addition, pursuant to the Small Business Paperwork Relief Act of 2002, Public Law 107-198, see 44 U.S.C. 3506(c)(4), the Bureau seeks specific comment on how it might further reduce the information collection burden for small business concerns with fewer than 25 employees.

24. Initial Regulatory Flexibility Analysis. As required by the Regulatory Flexibility Act of 1980 (RFA), the Bureau has prepared this Initial Regulatory Flexibility Analysis (IRFA) of the possible significant economic impact on a substantial number of small entities by the policies and rules proposed in this Notice. Written comments are requested on this IRFA. Comments must be filed as responses to the IRFA and must be filed by the deadlines for comments on the Public Notice. The Commission will send a copy of the Public Notice, including this IRFA, to the Chief Counsel for Advocacy of the Small Business Administration (SBA). In addition, the Public Notice and IRFA (or summaries thereof) will be published in the Federal Register.

**A. Need for, and Objectives of, the Proposed Rules**

25. The Public Notice seeks comment on a proposed survey of urban rates for fixed voice and fixed broadband residential services. The Bureau also seeks comment concerning how, using data from the urban rates survey, to determine the local voice rate floor and the reasonable comparability benchmarks for fixed voice and fixed broadband services. The rate survey, and benchmarks and rate floors based on the survey, is part of implementing the USF/ICC Transformation Order to insure supported provider's rates are not unreasonably high or unnecessarily low.

**B. Legal Basis**

26. The legal basis for any action that may be taken pursuant to the Notice is contained in sections 1, 2, 4(i), 214, 254, 303(r), 403, and 706 of the Communications Act of 1934, as amended, 47 U.S.C. 151, 152, 154(i), 214, 254, 303(r), 403, and 706, and §§1.1 and 1.1421 of the Commission's rules, 47 CFR 1.1, 1.421.

**C. Description and Estimate of the Number of Small Entities to Which the Proposed Rules Will Apply**

27. The RFA directs agencies to provide a description of, and where feasible, an estimate of the number of small entities that may be affected by the proposed rules, if adopted. The RFA generally defines the term “small entity” as having the same meaning as the terms “small business,” “small organization,” and “small governmental jurisdiction.” In addition, the term “small business” has the same meaning as the term “small-business concern” under the Small Business Act. A small-business concern” is one which: (1) is independently owned and operated; (2) is not dominant in its field of operation; and (3) satisfies any additional criteria established by the SBA.

28. **Small Businesses.** Nationwide, there are a total of approximately 27.5 million small businesses, according to the SBA.

29. **Wired Telecommunications Carriers.** The SBA has developed a small business size standard for Wired Telecommunications Carriers, which consists of all such companies having 1,500 or fewer employees. According to Census Bureau data for 2007, there were 3,188 firms in this category, total, that operated for the entire year. Of this total, 3144 firms had employment of 999 or fewer employees, and 44 firms had employment of 1000 employees or more. Thus, under this size standard, the majority of firms can be considered small.

30. **Local Exchange Carriers (LECs).** Neither the Commission nor the SBA has developed a size standard for small businesses specifically applicable to local exchange services. The closest applicable size standard under SBA rules is for Wired Telecommunications Carriers. Under that size standard, such a business is small if it has 1,500 or fewer employees. According to Commission data, 1,307 carriers reported that they were incumbent local exchange service providers. Of these 1,307 carriers, an estimated 1,006 have 1,500 or fewer employees and 301 have more than 1,500 employees. Consequently, the Commission estimates that most providers of local exchange service are small entities, that may be affected by the rules and policies proposed in the Public Notice.

31. **Incumbent Local Exchange Carriers (incumbent LECs).** Neither the Commission nor the SBA has developed a size standard for small businesses specifically applicable to incumbent local exchange services. The closest applicable size standard under SBA rules is for Wired Telecommunications Carriers. Under that size standard, such a business is small if it has 1,500 or fewer employees. According to Commission data, 1,307 carriers reported that they were incumbent local exchange service providers. Of these 1,307 carriers, an estimated 1,006 have 1,500 or fewer employees and 301 have more than 1,500 employees. Consequently, the Commission estimates that most providers of incumbent local exchange service are small businesses that may be affected by rules adopted pursuant to the Public Notice.

32. We have included small incumbent LECs in this present RFA analysis. As noted above, a “small business” under the RFA is one that, inter alia, meets the pertinent small business size standard (e.g., a telephone communications business having 1,500 or fewer employees), and “is not dominant in its field of operation.” The SBA’s Office of Advocacy contends that, for RFA purposes, small incumbent LECs are not dominant in their field of operation because any such dominance is not “national” in scope. We have therefore included small incumbent LECs in this RFA analysis, although we emphasize that this RFA action has no effect on Commission analyses and determinations in other, non-RFA contexts.

33. **Competitive Local Exchange Carriers (competitive LECs), Competitive Access Providers (CAPs), Shared-Tenant Service Providers, and Other Local Service Providers.** Neither the Commission nor the SBA has developed a small business size standard specifically for these service providers. The appropriate size standard under SBA rules is for the category Wired Telecommunications Carriers. Under that size standard, such a business is small if it has 1,500 or fewer employees. According to Commission data, 1,442 carriers reported that they were engaged in the provision of either competitive local exchange services or competitive access provider services. Of these 1,442 carriers, an estimated 1,256 have 1,500 or fewer employees and 186 have more than 1,500 employees. In addition, 17 carriers have reported that they are Shared-Tenant Service Providers, and all

17 are estimated to have 1,500 or fewer employees. In addition, 72 carriers have reported that they are Other Local Service Providers. Of the 72, seventy have 1,500 or fewer employees and two have more than 1,500 employees. Consequently, the Commission estimates that most providers of competitive local exchange service, competitive access providers, Shared-Tenant Service Providers, and Other Local Service Providers are small entities that may be affected by rules adopted pursuant to the Public Notice.

34. **Wireless Telecommunications Carriers (except Satellite).** Since 2007, the SBA has recognized wireless firms within this new, broad, economic census category. Prior to that time, such firms were within the now-superseded categories of Paging and Cellular and Other Wireless Telecommunications. Under the present and prior categories, the SBA has deemed a wireless business to be small if it has 1,500 or fewer employees. For this category, census data for 2007 show that there were 1,383 firms that operated for the entire year. Of this total, 1,368 firms had employment of 999 or fewer employees and 15 had employment of 1000 employees or more. Similarly, according to Commission data, 413 carriers reported that they were engaged in the provision of wireless telephony, including cellular service, Personal Communications Service (PCS), and Specialized Mobile Radio (SMR) Telephony services. Of these, an estimated 261 have 1,500 or fewer employees and 152 have more than 1,500 employees. Consequently, the Commission estimates that approximately half or more of these firms can be considered small. Thus, using available data, we estimate that the majority of wireless firms can be considered small.

35. **Local Multipoint Distribution Service.** Local Multipoint Distribution Service (“LMDS”) is a fixed broadband point-to-multipoint microwave service that provides for two-way video telecommunications. The auction of the 986 LMDS licenses began and closed in 1998. The Commission established a small business size standard for LMDS licenses as an entity that has average gross revenues of less than \$40 million in the three previous calendar years. An additional small business size standard for “very small business” was added as an entity that, together with its affiliates, has average gross revenues of not more than \$15 million for the preceding three calendar years. The SBA has approved these small business size standards in the context of LMDS auctions. There were 93

winning bidders that qualified as small entities in the LMDS auctions. A total of 93 small and very small business bidders won approximately 277 A Block licenses and 387 B Block licenses. In 1999, the Commission re-auctioned 161 licenses; there were 32 small and very small businesses winning that won 119 licenses.

36. **Cable and Other Program Distribution.** Since 2007, these services have been defined within the broad economic census category of Wired Telecommunications Carriers; that category is defined as follows: “This industry comprises establishments primarily engaged in operating and/or providing access to transmission facilities and infrastructure that they own and/or lease for the transmission of voice, data, text, sound, and video using wired telecommunications networks. Transmission facilities may be based on a single technology or a combination of technologies.” The SBA has developed a small business size standard for this category, which is: all such firms having 1,500 or fewer employees. According to Census Bureau data for 2007, there were a total of 955 firms in this previous category that operated for the entire year. Of this total, 939 firms had employment of 999 or fewer employees, and 16 firms had employment of 1000 employees or more. Thus, under this size standard, the majority of firms can be considered small and may be affected by rules adopted pursuant to the Public Notice.

37. **Cable Companies and Systems.** The Commission has developed its own small business size standards, for the purpose of cable rate regulation. Under the Commission’s rules, a “small cable company” is one serving 400,000 or fewer subscribers, nationwide. Industry data indicate that, of 1,076 cable operators nationwide, all but eleven are small under this size standard. In addition, under the Commission’s rules, a “small system” is a cable system serving 15,000 or fewer subscribers. Industry data indicate that, of 7,208 systems nationwide, 6,139 systems have under 10,000 subscribers, and an additional 379 systems have 10,000-19,999 subscribers. Thus, under this second size standard, most cable systems are small and may be affected by rules adopted pursuant to the Public Notice.

38. **Cable System Operators.** The Act also contains a size standard for small cable system operators, which is “a cable operator that, directly or through an affiliate, serves in the aggregate fewer than 1 percent of all subscribers in the United States and is not affiliated with any entity or entities whose gross annual revenues in the aggregate exceed \$250,000,000.” The Commission has determined that an operator serving fewer than 677,000 subscribers shall be deemed a small operator, if its annual revenues, when combined with the total annual revenues of all its affiliates, do not exceed \$250 million in the aggregate. Industry data indicate that, of 1,076 cable operators nationwide, all but ten are small under this size standard. We note that the Commission neither requests nor collects information on whether cable system operators are affiliated with entities whose gross annual revenues exceed \$250 million, and therefore we are unable to estimate more accurately the number of cable system operators that would qualify as small under this size standard.

39. **Open Video Services.** The open video system (“OVS”) framework was established in 1996, and is one of four statutorily recognized options for the provision of video programming services by local exchange carriers. The OVS framework provides opportunities for the distribution of video programming other than through cable systems. Because OVS operators provide subscription services, OVS falls within the SBA small business size standard covering cable services, which is “Wired Telecommunications Carriers.” The SBA has developed a small business size standard for this category, which is: all such firms having 1,500 or fewer employees. According to Census Bureau data for 2007, there were a total of 955 firms in this previous category that operated for the entire year. Of this total, 939 firms had employment of 999 or fewer employees, and 16 firms had employment of 1000 employees or more. Thus, under this second size standard, most OVS operators are small and may be affected by rules adopted pursuant to the Public Notice. In addition, we note that the Commission has certified some OVS operators, with some now providing service. Broadband service providers (“BSPs”) are currently the only significant holders of OVS certifications or local OVS franchises. The Commission does not have financial or employment information regarding the entities

authorized to provide OVS, some of which may not yet be operational. Thus, again, at least some of the OVS operators may qualify as small entities.

40. **Internet Service Providers.** Since 2007, these services have been defined within the broad economic census category of Wired Telecommunications Carriers; that category is defined as follows: “This industry comprises establishments primarily engaged in operating and/or providing access to transmission facilities and infrastructure that they own and/or lease for the transmission of voice, data, text, sound, and video using wired telecommunications networks. Transmission facilities may be based on a single technology or a combination of technologies.” The SBA has developed a small business size standard for this category, which is: all such firms having 1,500 or fewer employees. According to Census Bureau data for 2007, there were 3,188 firms in this category, total, that operated for the entire year. Of this total, 3,144 firms had employment of 999 or fewer employees, and 44 firms had employment of 1,000 employees or more. Thus, under this size standard, the majority of firms can be considered small. In addition, according to Census Bureau data for 2007, there were a total of 396 firms in the category Internet Service Providers (broadband) that operated for the entire year. Of this total, 394 firms had employment of 999 or fewer employees, and two firms had employment of 1,000 employees or more. Consequently, we estimate that the majority of these firms are small entities that may be affected by rules adopted pursuant to the Public Notice.

#### **D. Description of Projected Reporting, Recordkeeping, and Other Compliance Requirements for Small Entities**

41. In this Public Notice, the Commission seeks public comment on a proposed survey of urban rates for fixed voice and fixed broadband residential services. The Bureau also seeks comment concerning how, using data from the urban rates survey, to determine the local voice rate floor and the reasonable comparability benchmarks for fixed voice and fixed broadband services. The Public Notice seeks comment on data requirements that would require reporting by small entities. Specifically, the Public Notice seeks comment on the collection of advertised rates and product offerings from small entities in urban areas that are included in the sample.



**E. Steps Taken to Minimize the Significant Economic Impact on Small Entities, and Significant Alternatives Considered**

42. The RFA requires an agency to describe any significant, specifically small business, alternatives that it has considered in reaching its proposed approach, which may include the following four alternatives (among others): “(1) the establishment of differing compliance or reporting requirements or timetables that take into account the resources available to small entities; (2) the clarification, consolidation, or simplification of compliance and reporting requirements under the rules for such small entities; (3) the use of performance rather than design standards; and (4) an exemption from coverage of the rule, or any part thereof, for such small entities.”

43. The Public Notice seeks comment on issues related to the rates survey and how the benchmarks and rate floors should be determined. The rate survey issues are not anticipated to have a significant economic impact on small entities because the survey will only sample a small number of providers. Furthermore, since the statistical sampling methodology will result in larger entities being more likely to be surveyed, we anticipate small entities will only compose a minor portion of the overall sample. Moreover, the survey only asks about advertised rates and product offerings which should be readily available to entities of any size. Furthermore, any significant economic impact cannot

necessarily be minimized through alternatives since the survey sample will already be restricted to a small set of the total population of carriers necessary for generating a statistically valid sample, and the survey will only ask for readily available advertised rates and will be implemented in an easily accessible online format.

**F. Federal Rules that May Duplicate, Overlap, or Conflict with the Proposed Rules**

44. None.

FEDERAL COMMUNICATIONS COMMISSION.

Trent B. Harkrader,  
Division Chief, Telecommunications Access Policy Division  
Wireline Competition Bureau

### Proposed Rate Survey Questions for Fixed Services Sections of Rate Survey

Note: The below survey instrument is intended to be implemented via an online interface accessible to survey participants. The particular format used in this appendix is for explanatory purposes only.

#### III. SURVEY RESPONDENT INFORMATION

This survey asks questions about PROVIDER NAME's (FIXED VOICE, FIXED BROADBAND, MOBILE) services and rates. Please answer all questions as they pertain to the specific geographic location indicated below on MONTH DAY, YEAR.

Enter identifying information below as it pertain to the location identified in the bottom line of Section I.

I. SURVEY RESPONDENT INFORMATION	
Provider Name:	<u>Pre-populated by FCC</u>
Provider FRN (used on Dec 31, 2011 Form 477):	
Provider Study Area Code (if current USF recipient):	
Name of Person Completing Form:	
Contact Phone Number:	
Contact Email Address:	
Name of Certifying Official:	
Certifying Official's Phone Number:	
Certifying Official's Email Address:	
Location for Which Reported Rates Apply:	<u>Pre-populated by FCC</u>

#### IV. FIXED VOICE

Report rates on fixed voice service provided in GEOGRAPHIC LOCATION. All reported rates should be non-discounted, residential rates available on MONTH DAY, YEAR to any existing or potential customer at the specified location. Report rates for fixed voice service that is not bundled with any other product (e.g. Internet, TV).

## II. FIXED VOICE INFORMATION

Indicate which fixed voice plan types are offered and whether the service is available to customers through circuit switched, VoIP or both.

II.a Does this carrier offer unlimited or flat-rate local voice service?	Yes - circuit switched, VoIP?	No
II.b Does this carrier offer unlimited or flat-rate, all-distance service?	Yes - circuit switched, VoIP?	No
II.c Does this carrier offer measured/metered local voice service?	Yes - circuit switched, VoIP?	No

For each service offered (as indicated "Yes" in II-a, II-b, and II-c), report each component of the rate in dollar and cents amounts. If both PSTN and VoIP service is offered, answer questions separately as prompted for each service. "All-distance" services include only domestic calling, not international.

(Answered separately, as appropriate, for PSTN and VoIP)

II.d - Monthly Rates	Unlimited or Flat-Rate Local Service (II-a)	Unlimited All-Distance Service (II-b)	Measured or Messaged Local Service (II-c)
II.d.1 Recurring service charge (without SLC)			
II.d.2 Federal subscriber line charge (SLC), if any			
II.d.3 Access Recovery Charge (ARC), if any			
II.d.4 Federally tariffed local number portability (LNP) surcharge, if any			
II.d.5 Federal universal service			

surcharge on Fed. SLC, LNP or ARC, if any			
II.d.6 State SLC, if any			
II.d.7 State USF charge, if any			
II.d.8 Mandatory extended area service (EAS) charges, if any			
II.d.9 Other mandatory surcharges (such as gross receipts tax) accounted as company revenue and not included elsewhere			
II.d.10 Tax or surcharge for funding 911 service			
II.d.11 Interstate telecommunications relay service (TRS or relay)			
II.d.12 State TRS			
II.d.13 Total other taxes (such as sales, excise, etc.) levied on customers by state, county, local governments.			
II.d.14 Federal excise tax on local service		NA	
II.d.15 Number of voice calls or message units included in monthly rate if measured service (local service area calls only)	NA	NA	
II.d.16 Dollar calling allowance for voice calls included in monthly rate if measured service (local service area	NA	NA	

calls only).			
11.d.17 Peak period local rate per unit (minute or call/message) once allowance exceed, if measured service.	NA	NA	<u>Indicate if rate is per call or per minute</u>
11.d.18 Off-peak period local rate per unit (minute or call/message) once allowance exceeded, if measured service.	NA	NA	<u>Indicate if rate is per call or per minute</u>
<b>II.e - Service Initiation Charges</b>			
II.e.1 Total connection charge for residential service if no premises visit is required.			
II.e.2 Minimum additional charge if drop line and terminal block are needed to connect service. Do not include any inside wiring charges.			
II.e.3 Mandatory surcharges on connection accounted as company revenue			
II.e.4 State, county, and local taxes and surcharges on connection			
II.e.5 Other mandatory connection charges			

## V. FIXED BROADBAND

Report rates on fixed broadband service provided in GEOGRAPHIC LOCATION. All reported rates should be standard, non-discounted, residential rates available on MONTH DAY, YEAR to any existing or potential customer. Report rates for fixed broadband service that is not bundled with any other product (e.g. telephone, TV). Exclude residential broadband service that is provided via satellite.

III. BROADBAND INTERNET SERVICE INFORMATION		
III.a Does this provider offer a standalone broadband Internet service with advertised data transfer speeds in the following ranges? Note that the service must meet both the download and upload speed criteria.		
III.a.1 <u>SERVICE RANGE 1</u> : Download: at or above 4 Mbps and less than 6 Mbps; Upload: at or above 1 Mbps and less than 1.5 Mbps	Yes	No
III.a.2 <u>SERVICE RANGE 2</u> : Download: at or above 6 Mbps and less than 10 Mbps; Upload: at or above 1.5 Mbps and less than 2 Mbps	Yes	No
III.a.3 <u>SERVICE RANGE 3</u> : Download: at or above 10 Mbps and less than 25 Mbps; Upload: at or above 2 Mbps and less than 3 Mbps	Yes	No
III.a.4 <u>SERVICE RANGE 4</u> : Download: at or above 25 Mbps; Upload: at or above 3 Mbps	Yes	No
-		

III.b If the provider offers at least one standalone service in the specified range, report in Mbps the advertised download and upload speeds of the slowest service meeting the criteria of the service range. Also, report each capacity limit (in GB) applied to the service, if any. If multiple capacity limits are available for the same service speed, list each separately. If only one capacity limit is offered, only report this limit. A capacity limit is the level at which the ISP begins to block, rate-limit, or charge excess fees for additional data transmission. If no limit is applied, enter "Unlimited." For each capacity limit in place, indicate what action is taken when the limit is reached. If a capacity limit is based on a customer's use relative to other customers, report the data amount for which the limit would be reached as of MONTH DAY, 2012.

Note: For services with capacity limits, a drop down box will offer a menu of actions the ISP will take once the limit is reached. These include: "Overage Charge," "Blocking Traffic", "Rate-limiting," and "Other (explain)."

#### SERVICE RANGE 1

Advertised Speed (Mbps)		Capacity Limit(s) (GB)	Action Taken When Limit Reached
Download	Upload		
		1	1
		2	2
		3	3

#### SERVICE RANGE 2

Advertised Speed (Mbps)		Capacity Limit(s) (GB)	Action Taken When Limit Reached
Download	Upload		
		1	1
		2	2



		3	3
<b>SERVICE RANGE 3</b>			
<b>Advertised Speed (Mbps)</b>		<b>Capacity Limit(s) (GB)</b>	<b>Action Taken When Limit Reached</b>
Download	Upload	1	1
		2	2
		3	3
<b>SERVICE RANGE 4</b>			
<b>Advertised Speed (Mbps)</b>		<b>Capacity Limit(s) (GB)</b>	<b>Action Taken When Limit Reached</b>
Download	Upload	1	1
		2	2
		3	3
<p>For each service offered (as indicated "Yes" in III.a.1 to III.a.4), report each component of the rate in dollar and cents amounts. Reported monthly rates should be standard, non-discounted residential rates. In some cases, this may be the month-to-month rate available to a customer not eligible for introductory rates, etc.</p>			
<b>SERVICE RANGE</b>			
<b>III.c - Recurring Access Rates</b>	<b>1</b>	<b>2</b>	<b>3</b>
III.c.1 Recurring monthly charge			
III.c.2 Total of state, local, and municipal taxes			

III.c.3 Total of all other mandatory fees and taxes (such as provider surcharges, etc.) passed through.				
III.c.4 Surcharges on the service accounted as company revenue (i.e. non-pass through)				
<p>For each item listed, report the minimum amount a customer would pay for each non-recurring charge in the event the item was required for the customer to access the Internet via the broadband service. If an item is not offered by the provider, then mark it as "NA".</p> <p style="text-align: center;"><b>SERVICE RANGE</b></p> <p><b>III.d - Non-Recurring Charges (Minimums)</b>                      <b>1</b>                      <b>2</b>                      <b>3</b>                      <b>4</b></p>				
III.d.1 Activation or Connection <u>not</u> requiring a service visit to the premises				
III.d.2 Activation or connection requiring a service visit (but assuming the premises is already physically wired)				
III.d.3 Does this service require the customer use a modem or other hardware?	Yes/No	Yes/No	Yes/No	Yes/No
III.d.4 If "Yes" for III.h.3, what is the purchase price for necessary hardware? (If provider sells such hardware.)				
III.d.5 If "Yes" for III.h.3, what is the <u>monthly rental price</u> for necessary hardware? (If provider rents hardware.)				
III.d.6 Computer/laptop hook-up by service technician already making a service visit.				

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